



# Federal Retirement Thrift Investment Board

October 17, 2011



**Clifton  
Gunderson LLP**  
Certified Public Accountants & Consultants  
COUNT ON INSIGHT®  
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# Agenda

- **Introductions**
- **Summary - June 30, 2011 Review**
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  - Status of Prior Recommendations
- **Year-End Audit Plan for CY 2011**
  - Engagement Team
  - Audit Contract
  - Scope of Services
  - Timing of Work
- **Questions and Comments**



# Summary – June 30, 2011 Review Introductions

- Marie Caputo → Audit Partner
- Bill Oliver → Quality Assurance Partner
- Bob Halpin → IT Senior Manager
- Michele Chalmers → Financial Audit Senior Manager





# Summary – June 30, 2011 Review

## Scope of Services

- Review of financial statements of Thrift Savings Fund for Six-Month Period Ended June 30, 2011
  - Conducted in accordance with Statements on Standards for Accounting and Review Services (SSARS) issued by the American Institute for Certified Public Accountants (AICPA)
  - Plan and perform review services to determine if any material modifications should be made to the June 30, 2011 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America
    - Performed analyses of financial data
    - Inquired as to changes in internal controls over financial reporting and general computer and application controls



# Summary – June 30, 2011 Review

## Scope of Services (cont'd)

- Review procedures performed
  - Made inquiries of Agency and contractor personnel – those responsible for financial and accounting matters
  - Work performed at Agency Headquarters (Washington D.C.)
- Review is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America
  - Not expressing an opinion regarding the financial statements taken as a whole





# Summary – June 30, 2011 Review

## Summary of Results

- Independent Accountants' Review Report
  - Not aware of any material modifications that should be made to the June 30, 2011 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America
- No opinion on internal controls expressed
- Updated Understanding of Status of Prior Recommendations



# Summary – June 30, 2011 Review

## Status of Prior Recommendations

- As part of our review procedures, we updated our understanding of internal controls
  - We did not test operating effectiveness of the controls
  - We did not test any changes made to improve areas commented on in previous years
- We did update our understanding of status of prior recommendations (summarized in following table)





# Summary – June 30, 2011 Review

## Status of Prior Recommendations

Prior Comment/ Recommendation	Status per Discussions with Agency Personnel
<b>2010-1</b> Risk Management Framework	<p>The Enterprise Information Security and Risk Management (EISRM) Program Directive was signed by the Agency Director on September 22, 2011.</p> <p>Although still in development, present risk assessment and security authorization efforts are focused upon the Thrift Line system. Related Security Plan and Security Test and Evaluation documents have been drafted with an approved Authority to Operate (ATO) anticipated by the end of calendar year 2011. Production roll out is anticipated during early 2012. System authorization and certification efforts will be subsequently focused upon critical support systems and major applications.</p>





# Summary – June 30, 2011 Review

## Status of Prior Recommendations

Prior Comment/ Recommendation	Status per Discussions with Agency Personnel
<b>2010-2</b> Formalization of Information Technology Policies and Procedures	The EISRM Program Directive, signed by the Director on September 22, 2011, incorporates existing policies for the 18 control families in the NIST SP800-53 (rev3) and seven policy areas as programmatic elements of the EISRM Program Risk Response process.
<b>2010-3</b> Password Controls	The EISRM Program Directive, signed by the Director on September 22, 2011, incorporates existing Access Control (AC) and Identification and Authentication (IA) policies.



# Summary – June 30, 2011 Review

## Status of Prior Recommendations

Prior Comment/ Recommendation	Status per Discussions with Agency Personnel
<b>2010-4</b> Change Control Policies and System Development Life Cycle Methodology	The EISRM Program Directive, signed by the Director on September 22, 2011, incorporates the existing Configuration Management (CM) Policy.
<b>2010-5</b> Logging of User System Activity	The EISRM Program Directive, signed by the Director on September 22, 2011, incorporates the existing Audit and Accountability (AU) Policy. Associated procedures will be developed and implemented. Audit logging functionality on the general ledger system is currently being configured and tested





# Summary – June 30, 2011 Review

## Status of Prior Recommendations

Prior Comment/ Recommendation	Status per Discussions with Agency Personnel
<b>2010-6</b> User Access Administration	The EISRM Program Directive, signed by the Director on September 22, 2011, incorporates existing Access Control (AC) Policy and Identification and Authentication (IA) Policies. Associated procedures will be developed and implemented. Additionally, a database which tracks data access approvals is currently undergoing testing.
<b>2010-7</b> Duplicate and Generic Network Accounts	The EISRM Program Directive, signed by the Director on September 22, 2011, incorporates existing Access Control (AC) Policy and Identification and Authentication (IA) Policies. Associated procedures will be developed and implemented.





# Summary – June 30, 2011 Review

## Status of Prior Recommendations

Prior Comment/ Recommendation	Status per Discussions with Agency Personnel
<b>2010-8</b> Disaster Recovery Plans	Disaster recovery teams are in the process of reviewing their respective disaster recovery plans and revising as needed to reflect TSP system modernization efforts.
<b>2010-9</b> Service Provider Control Assurance	Management has awarded a contract with TSP's service provider "Equinix" with the requirements for an SSAE 16 examination as part of the performance requirement. The SSAE 16 examination will be performed within FY 2012.
<b>2010-10</b> Service Level Agreements	TSP is presently in the market research and acquisition phase, with issuance of a statement of work (SOW) and soliciting vendor proposals during 2012.



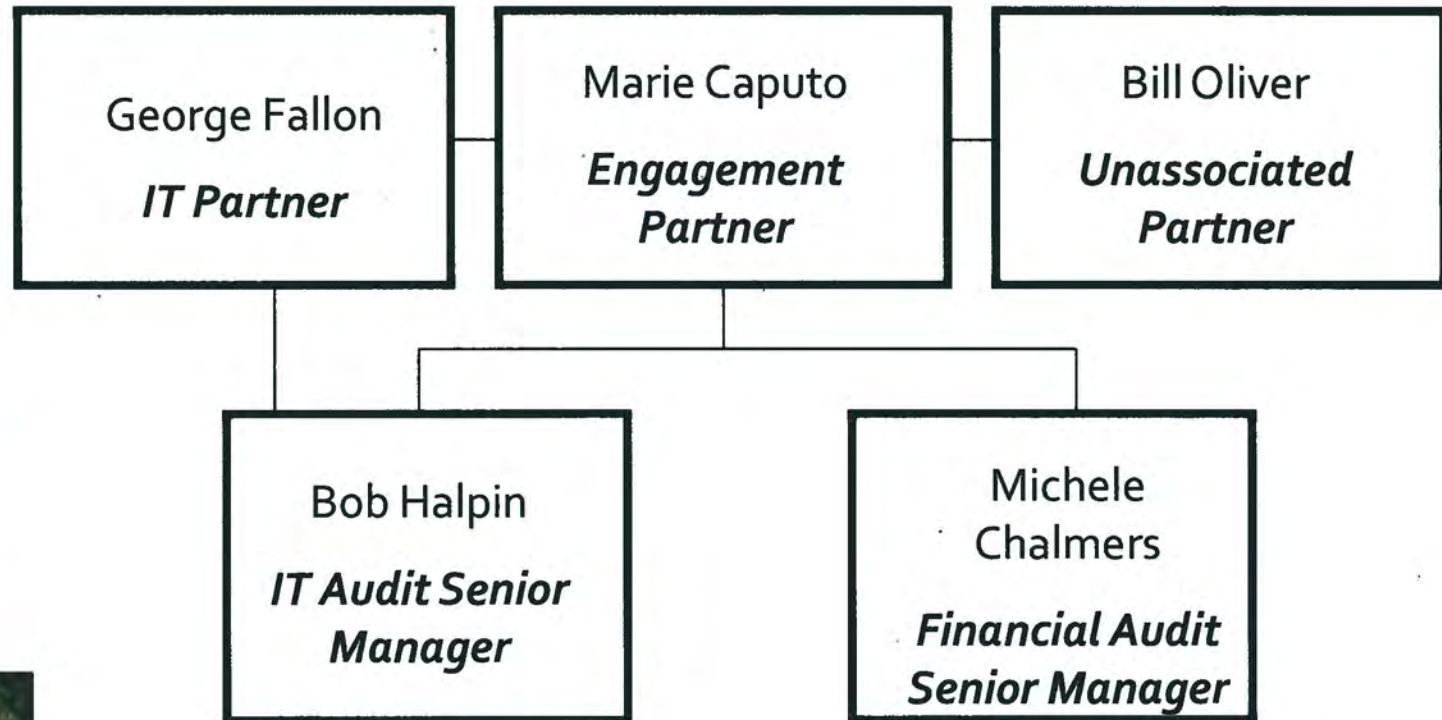


# Audit Plan for 2011

- Engagement Team
- Audit Contract
- Scope of Services
- Timing of Work



# Audit Plan for 2011 Engagement Team





# Audit Plan for 2011

## Audit Contract

- Fourth year of 5-year audit contract

## Scope of Services

- Audit of the Thrift Savings Fund financial statements as of and for the year ended December 31, 2011
- Report on control deficiencies and other matters
- Written communications with the Board
- Ongoing consultation as needed



# Audit Plan for 2011

## Scope of Services (cont'd)

- Auditor's Responsibilities under Generally Accepted Auditing Standards
  - We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Federal Retirement Thrift Investment Board are presented fairly, in all material respects, in conformity with generally accepted accounting principles.
  - The audit of the financial statements does not relieve management or the Federal Retirement Thrift Investment Board of their responsibilities.
  - We are responsible for performing the audit in accordance with generally accepted auditing standards. The audit is designed to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement.





# Audit Plan for 2011

## Scope of Services (cont'd)

- Auditor's Responsibilities under Generally Accepted Auditing Standards
  - An audit includes consideration of internal control over financial reporting as a basis for designing appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting.
  - We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to the responsibilities of the Federal Retirement Thrift Investment Board in overseeing the financial reporting process. Auditing standards do not require us to design procedures to identify other matters to communicate with the Federal Retirement Thrift Investment Board. When applicable, we are responsible for communicating particular matters required by laws or regulations, by agreement with the entity or by additional requirements applicable to the engagement.



# Audit Plan for 2011

## Timing of Work

KEY MILESTONES	DATE
Planning	October 2011
Understanding and testing of internal controls	October to November 2011
Substantive procedures	February to March 2012
Final audit reports	March 2012





# Questions?



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